

## Memorandum

**To** : Mr. Ramon J. Hirsig  
Executive Director – MIC: 73

**Date:** July 29, 2004

**From** : Stephen R. Rudd, Acting Deputy Director  
Sales and Use Tax Department – MIC: 43

**Subject** : Regulation 1574, *Vending Machine Operators*.  
Chief Counsel's Rulemaking Calendar – August 24, 2004

I am requesting your approval to place proposed amendments to Regulation 1574, *Vending Machine Operators*, on the Chief Counsel's Rulemaking Calendar for Board approval.

Regulation 1574 interprets and explains the application of the Sales and Use Tax Law to sales of tangible personal property by vending machine operators. It explains when such sales are subject to sales and use tax and when they are not.

A non-substantive revision to subdivision (b)(1)(B) of the regulation is recommended to correct a referencing error. Subdivision (b)(1)(B) makes a reference to Regulation 1597(e) "Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations." The reference should be to Regulation 1597(f) "Tangible Personal Property Sold by Certain Nonprofit Organization" since subdivision (b)(1)(B) refers to parent-teacher associations.

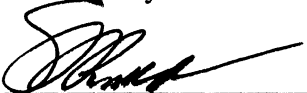
Attached is the proposed amendment to the regulation, which reflects the above correction. I have also attached Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organization*, for your reference.

We request your approval to place the matter on the Chief Counsel's Rulemaking Calendar on August 24, 2004, for Board authorization to amend the regulation in accordance with California Code of Regulations, title 1, section 100. Legal Department staff has advised us that this change is without regulatory effect and is not subject to the normal public hearing process.

If you have any questions regarding this request, please let me know or contact Ms. Mariflor Jimenez at (916) 324-2952.

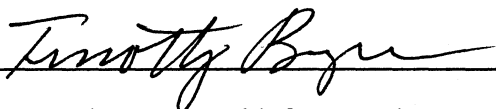
Attachment

Recommendation by:



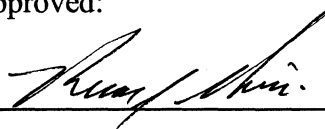
*for* Deputy Director

Approved:



Timothy Boyer, Chief Counsel  
Legal Department

Approved:



Ramon J. Hirsig, Executive Director

BOARD APPROVED

At the \_\_\_\_\_ Board Meeting

Deborah Pellegrini, Chief  
Board Proceedings Division

Attachments

cc (all with attachments):

Mr. Timothy Boyer (MIC 83)  
Ms. Deborah Pellegrini (MIC 81)  
Ms. Janice Thurston (MIC 82)  
Mr. John Waid (MIC 82)  
Mr. Jeffrey L. McGuire (MIC 92)  
Mr. Geoffrey E. Lyle (MIC 50)  
Ms. Laureen Simpson (MIC 50)  
Mr. Peter Horton (MIC 50)  
Ms. Mariflor Jimenez (MIC 50)

**Proposed Amendment to Regulation 1574. VENDING MACHINE OPERATORS.**

**(a) GENERAL.**

(1) PERMITS. Persons operating vending machines dispensing tangible personal property of a kind the gross receipts from the retail sale of which are subject to tax or dispensing food products at retail for more than 15 cents must obtain permits to engage in the business of selling tangible personal property. One permit is sufficient for all machines of one operator.

A statement in substantially the following form must be affixed upon each vending machine in a conspicuous place:

"This vending machine is operated by

\_\_\_\_\_  
NAME OF OPERATOR

\_\_\_\_\_  
ADDRESS OF OPERATOR

who holds Permit No. \_\_\_\_\_ issued pursuant to the Sales and Use Tax Law."

(2) RECORDS. Adequate and complete records must be kept by the operator showing the location or locations of each machine operated by him or her, the serial number thereof, purchases and inventories of merchandise bought for sale through all such machines, the prices charged by the operator, the gross receipts derived from the operation at each location, the receipts from exempt sales, and where applicable, the sales price to the operator of all tangible personal property of which the operator is the consumer, see subdivision (b). Records must be kept of the receipts derived from each machine at a location if differing kinds of merchandise are vended through separate machines at that location.

(3) SCHEDULE SHOWING ALLOCATION BY COUNTY. If the machines are operated in more than one county, a schedule must be attached to the return showing the tax allocable to each county. If a person purchases property under a resale certificate and dispenses it through a vending machine under circumstances where the person is considered to be the consumer of the property, see subdivision (b), a schedule must be attached to the return showing the use tax due thereon allocable to each county.

(4) SALES TO OPERATORS NOT FURNISHING RESALES CERTIFICATES. Persons making sales of tangible personal property of a kind the gross receipts from the retail sale of which are taxable, to operators of vending machines to be resold through such machines, must notify this board of the name and address of each operator who fails to furnish a valid resale certificate. In the event such persons fail to so notify the board, or desire to assume tax liability for the operations of particular vending machines, then, pursuant to Revenue and Taxation Code Section 6015, they are required to return the tax to the state, measured by the receipts from the retail sale of the property.

**(b) APPLICATION OF TAX.**

(1) IN GENERAL. Persons operating vending machines dispensing tangible personal property of a kind the gross receipts from the retail sale of which are subject to tax must report and pay to the state the tax upon gross receipts from all sales of such property made through such machines. Sales of tangible personal property through vending machines are presumed to be made on a tax-included basis. Gross receipts from retail sales of tangible personal property through the vending machines are total receipts less the amount of sales tax reimbursement included therein.

**(A) PHOTOCOPIES.** Tax applies to the gross receipts from sales of photocopies through coin- or card-operated copy machines. However, library districts, municipal libraries, county libraries, or any vendor making sales pursuant to a contract with a library district, municipal library, or county library are consumers of photocopies sold at retail through a coin-or card-operated copy machine located at a library facility.

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The proposed amendments contained in this document may not be adopted. Any revisions that are adopted may differ from this text.

**(B) SALES BY PARENT-TEACHER ASSOCIATIONS.** Parent-teacher associations or equivalent associations under Regulation 1597(ef) (18 CCR 1597 (ef)), are consumers of tangible personal property dispensed through vending machines and are not required to hold seller's permits by reason of such activities.

**(C) SALES BY NONPROFIT, CHARITABLE, OR EDUCATION ORGANIZATIONS.** Nonprofit, charitable, or education organizations dispensing tangible personal property for 15 cents or less through a vending machine are the consumers of such property and are not required to hold a seller's permit by reason of such activities.

**(D) SALES OF WATER.** Sales of purified drinking water through vending machines where the water enters the machine through local supply lines and is dispensed into the customer's own containers are exempt from the tax under Revenue and Taxation Code Section 6353.

**(2) FOOD PRODUCTS.**

**(A)** Effective January 1, 1986, tax applies to the gross receipts from the retail sale of food products, including candy and confectionery, dispensed through a vending machine at retail for more than 15 cents unless otherwise exempted as provided below. Since sales through vending machines are presumed to be made on a tax-included basis, total receipts from the taxable retail sale of food products through vending machines should be adjusted to compensate for the sales tax included therein. The term "food products" does not include carbonated beverages. A vending machine operator is a consumer of, and not a retailer of, food products, including candy and confectionery, dispensed through a vending machine at retail for 15 cents or less, effective January 1, 1986. Tax is measured by the sale price to the vending machine operator of such items unless otherwise exempt. If the property sold to the operator is an exempt food product or a nonreturnable container, no tax is payable regardless of the nature of the product when dispensed through the vending machine, and regardless of whether facilities for consumption are furnished at locations of the vending machines. For the purposes of this subdivision, the term "candy and confectionery" includes candy-coated gum products.

**(B)** Operative January 1, 1988, tax does not apply to the sales, and the vending machine operator is the consumer, of any food products, including candy and confectionery other than beverages or hot prepared food products, sold through a coin-operated bulk vending machine if the amount of each sale is twenty-five cents (\$0.25) or less. For purposes of this regulation, "bulk vending machine" means a vending machine containing unsorted food products, including candy and confectionery, which, upon insertion of a coin, dispenses those products in approximately equal portions, at random, and without selection by the customer. For the purposes of this subdivision, the term "candy and confectionery" includes candy-coated gum products.

**(C)** Beginning January 1, 1988, a partial exemption from the tax is allowed any retailer who receives gross receipts through vending machines from the sale of cold food products, hot coffee, hot tea and hot chocolate which are subject to the tax. The following percentages of the gross receipts from the sales of such products are subject to the tax: 77% for the calendar year 1988, 55% for the calendar year 1989, and 33% thereafter. This partial exemption does not apply to sales of hot prepared food products (except hot coffee, hot tea and hot chocolate) and receipts from such sales may not be included in the computation of the exemption.

"Gross receipts from the sale of cold food products, hot coffee, hot tea and hot chocolate" represents total receipts after adjusting for sales tax included. Therefore, in order to determine taxable receipts, an adjustment must be made to compensate for sales tax included in total receipts. Following is an example of the computation using the 7 1/4 percent rate:

Total receipts from sales of cold food product, hot coffee, hot tea and hot chocolate through vending machines	<u>\$10,000.00</u>
Factor	<u>32.2289%</u>
Taxable receipts	<u>\$3,222.89</u>
Tax rate	<u>7.25%</u>
Tax included	<u>\$233.66</u>
Exempt receipts	<u>\$6,543.45</u>

Proof: \$10,000 – 233.66 = \$9,766.34  
 \$9,766.34 x 33% = \$3,222.89

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Gross receipts from the sale of cold food products, hot coffee, hot tea and hot chocolate subject to the tax may be calculated for the year 1990 and forward using the following percentages for the tax rates indicated:

TAX RATE	PERCENTAGE	TAX RATE	PERCENTAGE
6.00%	32.3593%	7.50%	32.2030%
6.50%	32.3070%	7.625%	32.1900%
6.625%	32.2940%	7.75%	32.1771%
6.75%	32.2809%	7.875%	32.1641%
6.875%	32.2679%	8.00%	32.1512%
7.00%	32.2549%	8.125%	32.1383%
7.125%	32.2419%	8.25%	32.1254%
7.25%	32.2289%	8.375%	32.1125%
7.375%	32.2160%	8.50%	32.0996%

To compute the cold food factor for other tax rates the formula is as follows:

Cold food factor percentage =  $100 \div [3.0303 + \text{tax rate (decimal form)}]$

Example: Cold food factor at 7.25% =  $100 \div (3.0303 + .0725) = 100 \div 3.1028 = 32.2289\%$

(D) Tax does not apply to sales of any food products, whether sold through a vending machine or otherwise, to students of a school by public or private schools, school districts, student organizations, or any blind person (as defined in Section 19153 of the Welfare and Institutions Code) operating a restaurant or vending stand in an educational institution under Article 5 (commencing with Section 19625) of Chapter 6 of Part 2 of Division 10 of the Welfare and Institutions Code.

### (3) DEFINITIONS

(A) **FOOD PRODUCTS.** For the period July 15, 1991 through November 30, 1992, the term "food products" does not include snack foods (as defined in Regulation 1602 (18 CCR 1602), "Food Products"), nonmedicated gum, candy, and confectionery. Sales during this period of such items through vending machines are subject to the tax unless exempted under subdivisions (b)(1) and (b)(2) above.

(B) **NONPROFIT ORGANIZATIONS.** Nonprofit organizations include any group, association, or corporation which is formed for charitable, religious, scientific, social, literary, educational, recreational, benevolent or any other purpose, provided that no part of the net earnings of such organization inures to the benefit of any member, shareholder, director, officer, or any person having a personal and private interest in the activities of the organization. Examples of this type of organization are museums, veterans organizations, youth sportsmanship organizations, clubs such as the Kiwanis Club, fraternal societies, orders or associations operating under the lodge system such as the Loyal Order of the Moose, and student organizations.

(C) **CHARITABLE ORGANIZATIONS.** Charitable organizations include any group, association, or corporation created for or devoted to charitable purposes, the net earnings of which are used solely for charitable purposes such as the relief of poverty, advancement of education, the advancement of religion, the promotion of health and the promotion of government. Examples of this type of organization are libraries, museums, hospitals, senior citizen community centers, thrift shops, and organizations such as the Salvation Army and Goodwill.

(D) **EDUCATION ORGANIZATIONS.** Education organizations include any profit or nonprofit group, association, or corporation which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its education activities are regularly carried on. Examples of such organizations are primary and secondary schools, colleges, professional and trade schools, whether public, private, nonprofit or profit making.

### (4) RESALE AND EXEMPTION CERTIFICATES.

(A) **VENDORS OF ITEMS FOR 15 CENTS OR LESS ONLY.** A purchaser who sells the property purchased only through vending machines for 15 cents or less may give an exemption certificate with respect to the purchase of nonreturnable containers, but may not give a resale certificate with respect to the purchase of any other property. The supplier is responsible for payment of sales tax on the gross receipts from the sales to the purchaser of property, the sale of which is subject to tax.

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**(B) VENDORS OF ITEMS FOR 15 CENTS OR LESS AND OVER 15 CENTS.** A purchaser who holds a valid seller's permit and who sells the property purchased only through vending machines both at prices of 15 cents or less and at prices of more than 15 cents may give a resale certificate with respect to the purchases of such property.

**(C) VENDORS SELLING BOTH THROUGH VENDING MACHINES AND OTHERWISE.** A purchaser who holds a valid seller's permit and who sells the property purchased both through vending machines and other than through vending machines may give a resale certificate with respect to the purchases of such property.

**(D) VENDORS NOT SEGREGATING PURCHASES.** A purchaser who does not wish to segregate the purchases of property which is sold through vending machines for 15 cents or less from purchases of like property which is otherwise sold, may reimburse his or her vendor for sales tax measured by the retail selling price of all such property provided the vendor is authorized to report and pay the tax to the state in the manner provided by Section 6015.

*Authority:* Section 7051 Revenue and Taxation Code

*References:* Sections 6015, 6066-6068, 6353, 6359, 6359.2, 6359.4, 6359.45, 6363, 6364, 6370, Revenue and Taxation Code. *Canteen Corporation v. State Board of Equalization* (1985), 174 Cal. App. 3d 952.

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State of California  
BOARD OF EQUALIZATION

**SALES AND USE TAX REGULATIONS**

**Regulation 1597. PROPERTY TRANSFERRED OR SOLD BY CERTAIN NONPROFIT ORGANIZATIONS.**

*Reference:* Sections 6359.3, 6360, 6361, 6361.1, and 6370, Revenue and Taxation Code.  
Scholastic Book Clubs, Inc. v. State Board of Equalization (1989, 207 Cal. App. 3d 734)

**(a) IN GENERAL.** Sections 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

**(b) FLAGS SOLD BY NONPROFIT VETERANS' ORGANIZATIONS.** Any nonprofit veterans' organization is a consumer of and shall not be considered a retailer of flags of the United States which it sells where the profits are used solely and exclusively in furtherance of the purpose of the organization.

**(c) PRISONERS OF WAR BRACELETS TRANSFERRED BY CHARITABLE ORGANIZATIONS.** Any charitable organization qualifying for the welfare exemption from property taxation under Section 214 of the Revenue and Taxation Code is the consumer of bracelets designed to commemorate American prisoners of war, which it distributes, whether or not a contribution is made to such organization, where the profits are used solely and exclusively in furtherance of the purposes of such organization.

**(d) HANDCRAFTED OR ARTISTIC TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN QUALIFIED ORGANIZATIONS.** Any organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C.A.); which, as its primary purpose, provides services to individuals with developmental disabilities or, effective August 3, 1995, to children with severe emotional disturbances, and which does not discriminate on the basis of race, sex, nationality, or religion is the consumer and not the retailer of any tangible personal property sold by them if all of the following conditions are met:

(1) The tangible personal property is of a handcrafted or artistic nature and is designed, created, or made by individuals with developmental disabilities or, effective August 3, 1995, by children with severe emotional disturbances, who are members of, or receive services from, the qualified organization.

(2) The price of each item of tangible personal property sold does not exceed twenty dollars (\$20), or ten dollars (\$10) if sold prior to August 3, 1995.

(3) The qualified organization's sales are made on an irregular or intermittent basis.

(4) The qualified organization's profits from the sales are used exclusively in furtherance of the purposes of the organization.

**(e) FOOD PRODUCTS, NONALCOHOLIC BEVERAGES AND OTHER TANGIBLE PERSONAL PROPERTY SOLD BY NONPROFIT YOUTH ORGANIZATIONS.**

(1) A qualified youth organization is the consumer and not the retailer of food products, nonalcoholic beverages, and tangible personal property created by members of the organization which are sold on an irregular or intermittent basis provided the profits from such sales are used solely and exclusively in the furtherance of the purpose of the organization.

**(A)** "Qualified youth organization" means and includes:

1. any nonprofit organization which qualifies for tax-exempt status under Section 501(c) of the Internal Revenue Code (26 U.S.C.A.); which provides a supervised program of competitive sports for youth or promotes good citizenship in youth as its primary purpose; and which does not discriminate on the basis of race, sex, nationality, or religion, or

2. any youth group or club sponsored by or affiliated with a qualified educational institution, including but not limited to any student activity group, e.g., debating team, swimming team, band, or choir.

**Regulation 1597. (Continued)**

**(B) "Qualified educational institution" means and includes:**

1. any public elementary, secondary, or vocation-technical school which provides education for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof, or
2. any nonprofit private school which provides education programs for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof. Nonprofit private school educational programs must meet the requirements of the State Department of Education and must satisfy the requirements of state and local laws governing private educational institutions in effect on January 1, 1990. The term does not include a nonprofit private school which otherwise qualifies but which discriminates on the basis of race, sex, nationality, or religion. For example, a youth group sponsored by a private school which has enrollment open only to females is not a "qualified youth organization."

**(C) "Irregular or intermittent"** is defined to mean sales made at particular events, such as fairs, galas, parades, scout-a-ramas, games, and similar activities, which are not conducted on a regularly scheduled basis. Sales made at refreshment stands or booths at scheduled events of organized youth sports leagues are considered made on an "irregular or intermittent" basis; however, sales made in storefront or mobile retail outlets which ordinarily require local business licenses do not qualify.

(2) The following organizations are "qualified youth organizations" and are consumers, not retailers, of tangible personal property under the circumstances described in paragraph (e)(1):

Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., formerly Campfire Girls, Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner Football.

**(f) TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN NONPROFIT ORGANIZATIONS.** The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) Nonprofit parent-teacher associations chartered by the California Congress of Parents, Teachers, and Students, Incorporated, and equivalent organizations performing the same type of service for public or private schools and authorized to operate within the school by the governing authority of the school.

(2) Nonprofit associations commonly called Friends of the Library, and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library.

(3) Nonprofit parent cooperative nursery schools.

**(g) RESALE CERTIFICATES: OBLIGATIONS OF PERSONS WHO SELL TO CONSUMERS.** An organization classed as a consumer under this regulation may not give a resale certificate with respect to the property it transfers.

All persons, other than organizations classed as consumers, who make sales of tangible personal property not otherwise exempt, should report tax on their sales unless the purchasers furnish resale certificates which can be accepted in good faith.

It will be presumed that all sales of tangible personal property not otherwise exempt, by organizations not classed as consumers, for delivery in this state to purchasers who do not furnish resale certificates which the seller accepts in good faith are subject to sales tax or that the seller is obligated to collect use tax from the purchasers.

**(h) TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY BY OR THROUGH NONPROFIT ORGANIZATIONS.** A nonprofit organization is treated as a consumer of tangible personal property it may sell under circumstances described in subdivisions (d), (e) and (f) of this regulation. In other cases, a nonprofit organization is regarded as a retailer of property it sells to consumers, or it is regarded as an agent of the companies which furnish the property to it for delivery to consumers.

When a nonprofit organization solicits orders, collects payments, and distributes tangible personal property for a supplier, it is considered to be the agent of that supplier. Accordingly, the supplier, not the organization, is the retailer of the merchandise sold. This is true unless documentation establishes that the nonprofit organization is buying and selling for its own account. The nonprofit organization is presumed to be buying and selling on its own account if all of the following



## Regulation 1597. (Continued)

factors are present: 1) the organization solicits the orders from the public in its own name; 2) the organization collects the sale price from the customer in its own name; 3) the organization is responsible for and pays the supplier for the merchandise; and 4) the contract between the organization and the supplier clearly identifies the fact the organization will purchase and resell the products to its customers. If it is selling for its own account, the nonprofit organization will be required to obtain a permit and will be considered the retailer, unless the supplier has been classified by the Board as a retailer under Revenue and Taxation Code Section 6015 or the nonprofit organization is classified under subdivisions (d), (e) and (f) of this regulation.

If the supplier is a 6015 retailer, the supplier must pay the tax and the organization does not need a seller's permit. The measure of tax is the amount charged to the consumer. When this price is unknown by the supplier, tax will apply to the suggested retail selling price. If the nonprofit organization is classified as a consumer under subdivisions (d), (e) and (f) of this regulation, the supplier will calculate tax measured by the selling price to the nonprofit organization.

History: Adopted October 6, 1970, effective October 9, 1970.

Amended December 15, 1971, applicable on and after December 15, 1971.

Amended February 16, 1972, effective March 25, 1972.

Amended February 7, 1973, effective March 16, 1973.

Amended December 18, 1974, effective January 26, 1975. Added (d) and reference to Section 6361 of Revenue and Taxation Code and clarified (e).

Amended May 21, 1975, effective June 29, 1975. Excluded state and its political subdivisions from (d).

Amended September 28, 1978, effective November 18, 1978. Adds (e); renumbers (e) to (f), and amends (f) to refer to sales of tangible personal property rather than a detailed list of specific types of property.

Amended February 6, 1980, effective March 29, 1980. Added subsection (f); relettered former (f) to (g) and substituted "this regulation" for subsection letters.

Amended May 6, 1986, effective July 6, 1986. In subdivision (d), amended regulation to limit organizations covered by regulation and made the organizations consumers of certain items of tangible personal property.

Amended June 17, 1987, effective September 19, 1987. In subdivision (d), added to the list of nonprofit youth organizations identified by Legislature as consumers, not retailers, of certain property sold under specified conditions.

Amended August 24, 1988, effective November 17, 1988. In subdivision (e) (3) added nonprofit parent cooperative nursery schools to list of organizations which qualify as consumers of tangible personal property.

Amended April 5, 1989, effective June 17, 1989. The regulation title was shortened to eliminate unnecessary verbiage. Subdivision (a) was amended to add section 6361.1 added to the Revenue and Taxation Code by Chapter 711 (1988). Subdivisions (b), (d) and (e) were amended to replace the word "transferred" with the word "sold" to eliminate confusion. Subdivision (d) (1) was amended to explain that a nonprofit youth organization is a consumer and not a retailer of certain items sold in a specified manner for a defined purpose; (d) (1) (A) defines "qualified youth organization"; (d) (1) (B) relocates the definition of "irregular or intermittent". Subdivision (d) (2) (C) adds specified qualified organizations and (d) (3) adds the Board's authority to approve certain youth organizations not listed in the statute (Chapters 709, 710, 711 (1988)).

Amended January 8, 1991, effective March 16, 1991. Subsection (a) deleted reference to Section 6368.1 which was repealed. Subsection (d) redefined "qualified youth organization" and added the definition of "qualified educational institution". Subsection (d) (3) was deleted. Subsection (e) (1) added the word "incorporated".

Amended November 30, 1993, effective March 5, 1994. Amended subdivision (g) to add the factors to establish the presumption that a nonprofit organization is buying and selling tangible personal property on its own account and added clarifying language regarding an organization's permit status and calculation of tax when classified as a consumer under subdivisions (d) and (e).

Amended December 7, 1994, effective July 15, 1995. Added new subparagraph (d) to provide guidance to nonprofit organizations selling handcrafted tangible personal property as to when they are regarded as the consumers of such property, as required by Statutes 1993, Chapter 653.

Amended April 23, 1996, effective May 23, 1996. Subdivision (d) amended to add the provisions of Chapter 290 of Statutes of 1995 regarding the sale of handcrafted or artistic tangible personal property by children with severe emotional disturbances. Subdivision (f)(3) was amended to remove an obsolete effective date.

*Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.*